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FILED & ENTERED

APR 28 2021

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY duarte DEPUTY CLERK

11 **UNITED STATES BANKRUPTCY COURT**

12 **CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION**

13 In re

14 THE SOURCE HOTEL, LLC,

16 Debtor.

Case No. 8:21-bk-10525-ES

Chapter 11

**ORDER, AFTER HEARING, GRANTING,
ON AN INTERIM BASIS, MOTION OF
SHADY BIRD LENDING, LLC FOR
ORDER EXCUSING STATE COURT
RECEIVER FROM TURNOVER OF
ASSETS PURSUANT TO 11 U.S.C. § 543**

DATE: April 15, 2021

TIME: 10:30 a.m.

PLACE: Courtroom "5A"

[RELATES TO DOCKET NO. 51]

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1 On April 15, 2021, the “Motion of Shady Bird Lending, LLC for Order
2 Excusing State Court Receiver From Turnover of Assets Pursuant to 11 U.S.C. § 543;
3 Memorandum of Points and Authorities; Declarations of Ronald Richards, Bellann R.
4 Raile, and Brent Little in Support Thereof” (the “Motion”) [Docket No. 51], filed by Shady
5 Bird Lending, LLC (“Shady Bird”), came on for hearing before the Honorable Erithe
6 Smith, United States Bankruptcy Judge, presiding. Shady Bird appeared by and through
7 Ronald Richards, Law Offices of Ronald Richards & Associates, APC, and Daniel A. Lev,
8 **SulmeyerKupetz**, A Professional Corporation. The debtor and debtor in possession The
9 Source Hotel, LLC (the “Debtor”) appeared by and through Ron Bender and Juliet Y. Oh,
10 Levene, Neale, Bender, Yoo & Brill L.L.P. The City of Buena Park appeared by and
11 through Christopher G. Cardinale, Alvarez-Glassman & Colvin. The state court receiver
12 Bellann R. Raile (the “Receiver”) personally appeared and appeared by and through
13 Peter F. Jazayeri, Jaz, A Professional Legal Corporation. The Office of the United States
14 Trustee appeared by and through Nancy Goldenberg. Other appearances were as noted
15 on the record of the hearing.

16 Based on the Motion, the “Notice of Motion of Shady Bird Lending, LLC for
17 Order Excusing State Court Receiver From Turnover of Assets Pursuant to 11 U.S.C. §
18 543” [Docket No. 52] filed by Shady Bird, the “Amended Notice of Motion of Shady Bird
19 Lending, LLC for Order Excusing State Court Receiver From Turnover of Assets
20 Pursuant to 11 U.S.C. § 543” [Docket No. 56] filed by Shady Bird, the “Opposition to
21 Motion of Shady Bird Lending, LLC for Order Excusing State Court Receiver From
22 Turnover of Assets Pursuant to 11 U.S.C. § 543; Memorandum of Points and Authorities;
23 Declarations of Donald Chae in Support Thereof” [Docket No. 65] filed by the Debtor, the
24 “Declaration of Robert ‘Charlie’ Cervantes in Support of: (A) Opposition to Motion of
25 Shady Bird Lending, LLC for Order Excusing State Court Receiver From Turnover of
26 Assets Pursuant to 11 U.S.C. § 543; and (B) Opposition to Motion of Shady Bird Lending,
27 LLC for Order Designating Chapter 11 Case As Single Asset Real Estate Case Pursuant
28 to 11 U.S.C. §§ 101(51B) and 362(d)(3)” [Docket No. 66] filed by the Debtor, “Shady Bird

1 Lending, LLC's Reply to Opposition to Motion of Shady Bird Lending, LLC for Order
2 Excusing State Court Receiver From Turnover of Assets Pursuant to 11 U.S.C. § 543;
3 Declarations of Bellann R. Raile, Brent Little, and Andrew Trost in Support Thereof"
4 [Docket No. 72] filed by Shady Bird, the "Response By the City of Buena Park to Motion
5 of Shady Bird Lending, LLC for Order Excusing State Court Receiver From Turnover of
6 Assets Pursuant to 11 U.S.C. § 543; Declaration of Christopher G. Cardinale in Support
7 Thereof" [Docket No. 78] filed by the City of Buena Park, the documents and pleadings
8 on file herein, all judicially noticeable facts of which judicial notice was requested by a
9 party, the arguments presented at the hearing, and after finding that notice of the Motion
10 was proper, and based on the reasons stated by the Court as reflected on the record of
11 the hearing, and for good cause appearing therefor,

12 **IT IS HEREBY ORDERED** as follows:

- 13 1. The Motion is granted, on an interim basis, through June 3, 2021
14 (the "Initial Interim Period").
- 15 2. During the Initial Interim Period, in addition to the powers granted to
16 the Receiver pursuant to the "Ex Parte Order Appointing Receiver and Order to Show
17 Cause" entered on February 17, 2021 (the "Receivership Order"), and notwithstanding
18 anything to the contrary in the Receivership Order, Shady Bird shall be authorized, in its
19 sole discretion, to advance an amount no greater than \$200,000 (the "Gifted Advance") to
20 the Receiver to be used by the Receiver, in her sole discretion, to remediate, repair, and
21 fix issues at the Project (as defined in the Motion), provided, however, that the Receiver
22 shall provide written notice by e-mail to bankruptcy counsel for the Debtor within forty-
23 eight hours after acceptance of any bid or proposal by the Receiver for repairs or work to
24 be done on the Project (with copies of such accepted bids and/or proposals), and
25 provided further, that the Receiver shall provide written notice by e-mail to bankruptcy
26 counsel for the Debtor within two business days following the completion of any repairs or
27 work done on the Project by any vendor or contractor. The Gifted Advance provided by
28 Shady Bird during the Initial Interim Period shall not be added to the amount of Shady

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Bird's secured claim or loan balance, shall not be deemed an administrative expense claim, and shall not deemed a general unsecured claim in the Debtor's estate.

3. During the Initial Interim Period, the Receiver shall provide the Debtor with access to the Project following written (e-mail) notice by the Debtor and/or its counsel to both the Receiver and counsel for Shady Bird, which access shall be provided by the Receiver to the Debtor as reasonably requested but in no event later than forty-eight hours after the delivery of such written e-mail notice, provided that email notice is given during business hours, between 9:00 a.m. and 5:00 p.m. (Pacific Time) Monday through Friday.

4. The hearing on the Motion shall be continued to June 3, 2021, at 2:00 p.m., Pacific Time, or as soon thereafter as the matter may be heard, in Courtroom "5A" of the above-entitled Court, located at 411 W. 4th Street, Santa Ana, California 92703, before the Honorable Erithe Smith, United States Bankruptcy Judge, presiding. Unless otherwise instructed, the hearing shall be conducted remotely, using ZoomGov video and audio as follows:

Meeting URL: <https://cacb.zoomgov.com/j/1616390777>

Meeting ID: 161 639 0777

Password: 314314

Telephone conference lines: 1-(669)-254-5252 or 1-(646)-828-7666

5. Any supplemental brief, declaration, or report in connection with the Motion shall be filed on or before May 20, 2021.

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1 6. Any reply to any supplemental brief, declaration, or report filed in
2 connection with the Motion shall be filed on or before May 27, 2021.

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Date: April 28, 2021


Erithe Smith
United States Bankruptcy Judge

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